

Message Text

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ACTION XMB-07

INFO OCT-01 EA-11 ISO-00 EB-11 RSC-01 DRC-01 OPIC-12 AID-20

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FM AMEMBASSY BANGKOK

TO SECSTATE WASHDC 8315

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PASS EXIMBANK AND OPIC

FOR WALTER C. SAUER, EXIMABNK: MARSHALL MAYS, OPIC

FROM GAINER AND NIELSON

E.O. 11652: N/A

REF: STATE 224635

1. IN ACCORD WITH REFTEL AND NIELSEON'S PREVIOUS DISCUSSION WITH MAYS, PLAN OUTLINED IN OUR MEMO FULLY EXPLORED WITH DIRECTORS KASOM, SUVIT AND STRATTON, AND SKPC AND THAI BANK LAWYERS. ALL FOUND PLAN UNACCEPTABLE AND KASOM INDICATED AFTER HIS DISCUSSIONS WITH SHAREHOLDERS THAT LATTER REFUSED TO ACCEPT ANY REDUCTION IN PAR VALUE OF SHARES FOR REASONS WE WILL AMPLIFY ON RETURN. RECOGNIZING THIS REFUSAL POSES DIFFICULTIES FOR ATTRACTING NEW PARTNER CAPITAL AS ALTERNATIVE TO NEW THAI CAPITAL, NO AFFIRMATIVE RESPONSE HAS YET BEEN MADE TO OUR REQUIREMENT FOR NEW THAI CAPITAL. AFTER DELAYS BECAUSE OF ALLEGED ABSENCE FROM BANGKOK OF POONPERM, WHO IS CHARIMAN, CROWN PROPERTIES, SKPC AND SIAM CEMENT, BANCHA, CHAIRMAN OF THAI FARMERS BANK, AND PRACHITR, CHAIRMAN OF SIAM COMMERCIAL BANK, ADDITIONAL MEETING NOW ARRANGED FOR MONDAY WITH POONPERM AND OTHERS. EXPECT SAME RESPONSE FROM THEM. FINAL MEETING WITH MINISTER FINANCE BOONMA PLANNED FOR TUESDAY OR WEDNESDAY. DO BELIEVE, HOWEVER, THAT OUR PRESENCE HAS STIMULATED MAJOR SHAREHOLDERS TO CONSIDER NEED FOR

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SHAREHOLDER ACTION. KASOM INDICATES A THAI PLAN IS NOW UNDER

CONSIDERATION AT HIGH LEVEL BUT THAT PRESENTATION IS NOT YET READY.

2. WE BELIEVE MORTGAGE NEGOTIATIONS HAVE BEEN SIGNIFICANT FACTOR IN GALVANIZING SHAREHOLDERS TO ACTION. IN SEVERAL SESSIONS KASOM HAS REPEATED THAT WE ARE ENTITLED TO MORTGAGE BUT HE AND LAWYERS FROM THAI BANKS HAVE PRESENTED A BARRAGE OF TECHNICAL OBSTACLES TO MORTGAGE. KASOM ADMITS THAT REASON FOR FINDING OBSTACLES IS SKPC BELIEF THAT MORTGAGE WOULD ADVERSELY AFFECT ITS CREDIT STANDING AND SKPC WOULD LIKE TO PERSUADE US TO ACCEPT SOME OTHER FORM OF SECURITY UNDER NEW THAI PLAN IN LIEU OF MORTGAGE.

3. IN LIGHT OF FOREGOING, GAINER AND WOLFE PLAN TO LEAVE THURSDAY AT LATEST EVEN THOUGH REORGANIZATION AND MORTGAGE STILL UNRESOLVED. GAINER AND WOLFE ITINERARIES SET FORTH IN SEPARATE CABLES. EVEN THOUGH THAI PLAN NOT PRESENTED WE BELIEVE THIS BEST PROCEDURE WITH UNDERSTANDING PAYMENTS WILL BE MADE ON DEBT AS SCHEDULED IN DECEMBER AND THAI PLAN WILL BE PRESENTED AS SOON AS AVAILABLE.

4. NIELSON TO RETURN DIRECTLY TO USA ON TUESDAY OR WEDNESDAY. FRANKLIN PROCEEDING TO INDIA AS PLANNED. WILL ARRIVE DELHI ON WEDNESDAY, LEAVE BOMBAY MONDAY, NOV. 26, RETURN TO WASHINGTON DEC 5 AS SCHEDULED.

5. WILL ADVISE IF ANY SIGNIFICANT NEW INFORMATION DEVELOPES IN MEETINGS NEXT WEEK.

DECONTROLLED FOLLOWING NOV 16, 1974
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